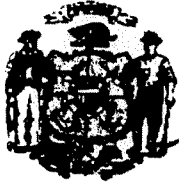


V. Department of Administration (DOA) -- Christopher Mohrman, Executive Assistant

The Department requests the approval of a proposed transfer of positions and funding from the Department of Public Instruction (DPI) to DOA to temporarily administer student financial aid programs, regulate proprietary schools and certify postsecondary institutions for the receipt of federal veterans' assistance.

Governor's Recommendation

Approve the request with the modification that 4.50 FTE FED and 3.50 FTE PR positions related to EAB functions be transferred from DPI to DOA.



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 27, 1996

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Health and Social Services--Approval of Report on Act 27 Budget Reductions--
Agenda Item VI

BACKGROUND

Under the provisions of the 1995-97 state budget (1995 Wisconsin Act 27), the Department of Health and Social Services (H&SS) was required to submit a report to the Committee recommending how savings totalling \$1,406,200 GPR in 1996-97 should be allocated among the Department's general program operations appropriations, and how many positions should be eliminated.

In addition to these funding reductions, Act 27 reduced H&SS funding and position authority by \$170,500 GPR, \$73,400 FED and \$549,400 PR and 21.93 positions (4.25 GPR, 2.0 FED and 15.68 PR positions), beginning in 1995-96, to reflect the elimination of positions throughout the Department that had been vacant for more than twelve months. However, some of the positions that were deleted under this item were also deleted as part of other provisions in Act 27. For this reason, adjustments to positions and funding are necessary to implement this Act 27 provision.

Effective July 1, 1996, H&SS will be renamed the Department of Health and Family Services (DHFS) and several of its current functions, including the Division of Economic Support, will be transferred to the new Department of Workforce Development (DWD), formerly the Department of Industry, Labor and Human Relations (DILHR). Because these funding and position reductions will affect the operating budget of both DHFS and DWD in the 1996-97 fiscal year, both H&SS and DILHR submitted the report required under Act 27.

The report identifies savings totaling \$1,453,600 GPR in 1996-97, an amount that exceeds the reduction required in Act 27 by \$47,400 GPR. The Department's plan includes a reduction of 9.51 GPR permanent positions in 1996-97. In addition, the report recommends adjustments to the Act 27 provision relating to the deletion of long-term vacant positions.

The Department requests the Committee to authorize the transfer of funding between appropriations in order to implement the Departments' recommendations, as described in this memorandum.

SUMMARY OF PLAN

The following table identifies the H&SS and DILHR recommended changes to current appropriations, as affected by Act 27, to implement a plan to generate savings totalling \$1,453,600 GPR in 1996-97.

TABLE 1

Summary of H&SS Proposed GPR Expenditure Reduction Plan Fiscal Year 1996-97

<u>Program Area</u>	<u>Act 27 Appropriation*</u>	<u>Reduction</u>		<u>Change to Act 27</u>	<u>Positions</u>
		<u>Act 27</u>	<u>Proposed</u>		
Health -- General Program Operations	\$16,417,100	-\$526,300	-\$151,800	\$374,500	-2.51
Health -- MA Contract Administration	13,631,600	0	-428,200	-428,200	0.00
Economic Support -- General Program Operations	20,671,700	-222,700	-322,200	-99,500	0.00
Community Services -- General Program Operations	10,262,700	-218,600	-263,400	-44,800	-1.50
Management Services -- General Program Operations	11,315,400	-438,600	-288,000	150,600	-5.50
TOTAL	\$72,298,500	-\$1,406,200	-\$1,453,600	-\$47,400	-9.51

*Includes unspecified budget reductions.

Each component of the Department's plan is discussed below.

Division of Health Staffing and Supplies. The Department's plan would generate savings totalling \$151,800 GPR from the Division of Health by: (a) deleting 2.51 GPR positions (-\$97,000 GPR); and (b) reducing supplies and services funding by a total of \$54,800 GPR, including funds used to support perinatal addiction training (\$30,000 GPR), the Council on American Indian Health (\$6,000 GPR) and general program operations within the Division of Health (\$18,800 GPR).

The position reductions include the deletion of 1.0 GPR auditor-senior project position in the Bureau of Health Care Financing, Nursing Home Reimbursement Section. Under Act 27, this position was converted to a permanent position, beginning July 1, 1996, to assist in the

administration of the nursing home bed tax. The other GPR position reductions include positions that are partially funded by federal sources. In some cases, The Department will combine some of the federally-funded portions of these positions with portions of currently authorized positions to create additional full-time staff.

The funding level for the Division of Health, general programs operation budget, as established by Act 27, includes \$30,000 GPR annually to provide training on issues relating to perinatal addiction to agencies that provide prenatal care coordination services. In order to meet budget reduction objectives for the 1995-96 fiscal year, H&SS chose not to expend the \$30,000 GPR budgeted for this purpose and, instead, supported this activity with other funds, totalling \$9,000 (\$4,500 FED from the maternal and child health block grant and \$4,500 from the administrative budget for the Bureau of Health Care Financing). This funding was used to support the costs of: (a) providing a one-day conference to representatives of approximately 150 agencies that are certified to provide prenatal care coordination services under the state's MA program; and (b) producing and distributing a set of video tapes that can be used by these agencies to train individuals to work with women with substance abuse problems.

The Council on American Indian Health is a 13-member advisory body that is responsible for developing and recommending to H&SS a state plan for the improvement of health care service to American Indians in Wisconsin. The Council is also authorized to hold public hearings and conduct public forums or other educational programs to gather information regarding issues affecting the health of American Indians. Currently, the Council's total supplies and services budget is \$15,000 GPR annually, which is primarily used to reimburse member travel expenses. However, actual costs for this purpose were \$2,500 in 1994-95 and a projected \$1,000 in 1995-96. Travel costs are expected to increase somewhat in 1996-97, due to an anticipated increase in the number of Council meetings required to begin developing the state plan to improve health care services to Wisconsin's American Indian population.

Medical Assistance Contracts. The plan would reduce funding for the administration of MA contracts by \$428,200 GPR in 1996-97. Of this amount, \$217,000 GPR is expected to be available due to lower projected claims volume in 1996-97 from the Act 27 estimates. In addition, \$211,200 budgeted in Act 27 as a contingency in case a cost settlement were necessary due to higher claims volume is not expected to be expended in 1996-97. A cost settlement with the MA fiscal agent (EDS-Federal) is necessary if the claims volume equals or exceeds 110% of the amount anticipated based on the prior year volume.

Economic Support. DILHR recommends two reductions relating to economic support programs. First, the Department recommends a decrease of \$60,350 GPR from its general program operations appropriation to reflect the recent federal decision to permit interest costs associated with public assistance administration as eligible for 50% federal matching funds. The interest costs are for the statewide CARES computer system, which is used by county income maintenance workers in determining eligibility, collecting data and calculating benefits for the AFDC, medical assistance and food stamp programs.

In addition, the Department recommends reducing funding for general program operations by \$261,850 GPR by ending maintenance agreements for data processing equipment and, instead, repairing and replacing the equipment as needed.

Division of Community Services Staffing. The plan would reduce general program operations funding for the Division of Community Services by \$263,400 GPR in 1996-97. This reduction includes salary and fringe benefit cost savings from 1.50 GPR positions deleted as part of the Department's 1995-96 budget reduction plan (\$79,700 GPR). In addition, the plan would reduce the Division's supplies and services budget by \$91,300 GPR in 1995-96.

Finally, federal funds totalling \$97,400 from the federal Social Services Block Grant (SSBG) would be used to substitute for GPR funds currently budgeted for the Division's general program operations. In Act 27, the Division's budget was reduced by \$319,300 FED and 9.0 FED positions in 1996-97 to reflect anticipated reductions in federal funding from the SSBG. However, the actual costs relating to these 9.0 FED positions exceeded the amount of funding deleted in Act 27 by \$97,400 in 1996-97, resulting in additional savings of federal funds. The Department proposes to substitute these federal funds for GPR funds currently budgeted for the Division's general program operations.

Division of Management Services. The plan would reduce funding for the Division of Management Services by \$288,000 GPR in 1996-97 to reflect the deletion of 4.50 GPR positions, including: (a) 1.0 GPR administrative assistant position, 1.0 administrative officer-director position and .50 purchasing agent position in the Bureau of Administration; and (b) 1.0 GPR program assistant and 1.0 administrative assistant position in the Bureau of Fiscal Services. Under the reorganization plan developed by H&SS in response to a directive in Act 27, the Department proposes to reorganize the Division, and to transfer the functions currently performed by the Bureau of Administration (such as purchasing, health and safety, telecommunications and forms and records management) into other bureaus within the Division. These position reductions reflect efficiencies resulting from this reorganization.

Office of Policy and Budget. The plan would reduce funding by \$47,100 GPR in 1996-97 and delete 1.0 GPR librarian position, which is currently vacant, in the Office of Policy and Budget.

Adjustments to Deletion of Long-Term Vacancies. The Department requests transfers of funding and positions between appropriations to implement the Act 27 provisions relating to the deletion of positions that had remained vacant for more than twelve months. These adjustments, which have no net impact on total authorized funding or positions, by source, are summarized on the attachment to this memorandum in the table.

CORRECTIVE ADJUSTMENT TO ACT 276 (SENATE BILL 623)

Act 276 provided additional resources to DHFS and the Department of Corrections (DOC) to establish new mental health units at the Oshkosh Correctional Institution which would be operated by the Wisconsin Resource Center and to provide funding for the supervised release of sexually violent persons. For 1996-97, the following resources were provided: (a) \$704,400 GPR and 18.0 GPR position for DOC; (b) \$4,254,600 GPR and 133.5 GPR positions for DHFS to provide services at the Wisconsin Resource Center; and (c) \$768,000 GPR for DHFS to support the supervised release of sexually violent persons. These new mental health units will allow the Wisconsin Resource Center to continue mental health services for inmates from correctional institutions as the population of sexually violent persons grows and displaces inmates at the current units of the Wisconsin Resource Center.

Act 276 was introduced as Senate Bill 623 along with a companion bill, Assembly Bill 1039. When the Joint Committee on Finance considered Senate Bill 623 and its companion bill, Assembly Bill 1039, H&SS had prepared a revised estimate of the costs to serve additional inmates at the Oshkosh Correctional Institution. In response to this revised estimate, the Committee adopted an amendment (LRBa4791/1 for the Senate Bill and LRBa4790/1 for the Assembly Bill) to reduce funding and positions to the levels indicated by the revised estimate.

The amendment, for fiscal year 1996-97, would have made the following changes:

- A reduction of 13.0 GPR positions and \$518,600 GPR in 1996-97 for DHFS because the original estimate did not fully account for positions already authorized to meet the growth in the population of sexually violent persons.
- A reduction of \$104,700 GPR for Corrections because counties have recently assumed the responsibility for transporting sexually violent persons when such individuals must be brought to a county for legal proceedings.
- A reduction of 21.0 GPR positions in 1996-97 for DHFS to correct a technical error in the bill.

In total, this amendment would have reduced funding by \$623,300 GPR in 1996-97. In addition, this amendment would have reduced the increase in DHFS positions in 1996-97 by a total of 34.0 GPR positions.

Although this amendment was adopted by the Committee, the amendment was not included in the Senate Bill's jacket and the Bulletin of the Proceedings of the Wisconsin Legislature did not record its adoption by the Committee. As a result, this amendment was not considered by the Senate, and is not part of Enrolled Senate Bill 623 and Act 276. In contrast, for the companion bill, Assembly Bill 1039, the adoption of the Committee's amendment was recognized. However, Assembly Bill 1039 failed to pass pursuant to Assembly Joint Resolution 95.

In order to reflect the Committee's intentions and the revised estimate, the Department of Administration (DOA) has instructed H&SS and DOC to place in unallotted reserve the funding that would have been deleted by the Committee's amendment. Thus, the funding will not be available to the agencies without DOA approval. However, these funds could be expended without approval by the Committee.

The Committee could, under s. 13.10, transfer the respective funding from the agencies' appropriations to the Committee's program supplements appropriation. In addition, the Committee could reduce the authorized FTE position level for DHFS to reflect the intention of the Committee's original amendment. This alternative would maintain the availability of the funding under a s. 13.10 request, but would require Committee approval for the expenditure of these funds.

ALTERNATIVES

1. Approve the appropriation and positions transfers summarized in Table 1 and the attachment to this memorandum in order to implement the Department's recommendations to achieve savings of \$1,406,200 GPR in 1996-97 and to implement Act 27 provisions relating to the deletion of positions that had remained vacant for more than 12 months.

2. In addition to Alternative 1, transfer to the Joint Committee on Finance program supplements appropriation a total of \$623,300 GPR in 1996-97 from the following sources:

- \$518,600 GPR in 1996-97 from the DHFS appropriation for services for the Wisconsin Resource Center under s. 20.435(2)(b).

- \$104,700 GPR in 1996-97 from the DOC appropriations for services to inmates under s. 20.410(1)(a).

In addition, reduce the authorized FTE positions for DHFS by 34.0 GPR positions on July 1, 1996, for the performance of services for the Wisconsin Resource Center. [Thus, the net impact of Act 276 and this alternative would be to provide DHFS an additional 99.5 GPR positions in 1996-97, of which 21.0 GPR positions began in 1995-96.]

Prepared by: Charles Morgan and Richard Megna

ATTACHMENT

Act 27 Provision Relating to the Deletion of Positions Vacant More than Twelve Months

Proposed Transfer of Funding and Positions

<u>Appropriation</u>	<u>Act 27</u>		<u>Proposed</u>		<u>Difference</u>		<u>Source</u>
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	
Health							
General program operations	-\$87,900	-2.25	-\$51,900	-1.25	\$36,000	1.00	GPR
Licensing, review and certifying activities	-161,600	-4.50	-129,800	-3.50	31,800	1.00	PR
Gifts and grants	-42,600	-1.00	-37,400	-1.00	5,200	0.00	PR
Federal project operations	0	0.00	-27,300	-1.00	-27,300	-1.00	FED
Block grant operations	-20,200	-0.50	0	0.00	20,200	0.50	FED
Subtotal -- Health	-\$312,300	-8.25	-\$246,400	-6.75	\$65,900	1.50	All Funds
Care and Treatment Facilities							
General program operations	-\$82,600	-2.00	-\$91,300	-2.00	-\$8,700	0.00	GPR
Institutional operations and charges	-223,000	-7.05	-283,400	-8.18	-60,400	-1.13	PR
Subtotal -- Care and Treatment Facilities	-\$305,600	-9.05	-\$374,700	-10.18	-\$69,100	-1.13	All Funds
Youth Services							
Juvenile correctional services	-\$87,500	-2.00	-\$66,900	-2.00	\$20,600	0.00	PR
Interagency and intra-agency programs	-31,900	-1.00	-31,900	-1.00	0	0.00	PR
Subtotal -- Youth Services	-\$119,400	-3.00	-\$98,800	-3.00	\$20,600	0.00	All Funds
Economic Support							
Federal program operations	-\$18,700	-0.50	-\$18,700	-0.50	\$0	0.00	FED
Subtotal -- Economic Support	-\$18,700	-0.50	-\$18,700	-0.50	\$0	0.00	All Funds
Community Services							
General program operations	\$0	0.00	-\$27,300	-1.00	-\$27,300	-1.00	GPR
Federal project operations	-34,500	-1.00	-27,400	-0.50	7,100	0.50	FED
Interagency and intra-agency programs	-2,800	-0.13	0	0.00	2,800	0.13	PR
Subtotal -- Community Services	-\$37,300	-1.13	-\$54,700	-1.50	-\$17,400	-0.37	All Funds
Department Total, By Source							
GPR	-\$170,500	-4.25	-\$170,500	-4.25	\$0	0.00	
PR	-\$49,400	-15.68	-\$49,400	-15.68	0	0.00	
FED	-73,400	-2.00	-73,400	-2.00	0	0.00	
GRAND TOTAL	-\$793,300	-21.93	-\$793,300	-21.93	\$0	0.00	

MO# Alt. 2

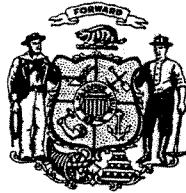
BURKE	(Y)	N	A
ANDREA	(Y)	N	A
GEORGE	(Y)	N	(A)
DECKER	(Y)	N	A
JAUCH	(Y)	N	A
WINEKE	(Y)	N	A
WEEDEN	Y	N	(A)
COWLES	(Y)	N	A

2 BRANCEL	(Y)	N	A
FOTI	(Y)	N	A
SCHNEIDERS	(Y)	N	A
OURADA	(Y)	N	A
HARSDORF	(Y)	N	A
PORTER	(Y)	N	A
LINTON	(Y)	N	A
COGGS	(Y)	N	A

AYE 14 NO 0 ABS 2

Tommy Thompson
Governor

Dick Wegner
Acting Secretary



OFFICE OF THE SECRETARY
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-7552
FAX: (608) 266-1784

State of Wisconsin
Department of Industry, Labor and Human Relations

May 23, 1996

The Honorable Tim Weeden
Senate Chair, Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Suite LL1
Madison, Wisconsin 53702

The Honorable Ben Brancel
Assembly Chair, Joint Committee on Finance
119 Martin Luther King Jr. Blvd., Suite LL2
Madison, Wisconsin 53702

Dear Senator Weeden and Representative Brancel:

The 1995-97 biennial budget (1995 Wisconsin Act 27) required the Department of Health and Social Services to submit a report to the Joint Committee on Finance detailing the allocation of GPR savings of \$1,406,200 in 1996-97. Since the Department of Industry, Labor and Human Relations will be responsible for Division of Economic Support programs in 1996-97, this report details the GPR savings of \$322,200 in 1996-97 allocated to the Division of Economic Support.

All of the GPR savings will be achieved in appropriation 301 under s. 20.445(3)(a) - General Program Operations. These ongoing savings will be achieved as a result of the following:

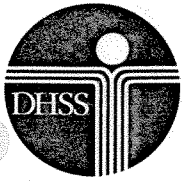
- (1) The federal government has recently allowed interest costs as eligible for federal reimbursement. As a result, half of the amounts budgeted for interest can now be paid with federal funds. GPR Savings: \$60,350
- (2) DES has changed its approach to maintaining computer equipment from fixed monthly maintenance contracts to a time and materials approach that repairs or replaces computer equipment as needed. GPR savings: \$261,850

Please contact DILHR Budget Director Mike Mahoney at 266-7895 if you have any questions about the DES portion of this plan.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dick Wegner".

Richard C. Wegner
Acting Secretary, DILHR



State of Wisconsin
Department of Health and Social Services

VI

Tommy G. Thompson, Governor
Joe Lekan, Secretary

May 23, 1996

The Honorable Tim Weeden
Senate Co-Chair, Joint Committee on Finance
Suite LL1, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

The Honorable Ben Brancel
Assembly Co-Chair, Joint Committee on Finance
Suite LL2, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

Dear Senator Weeden and Representative Brancel:

As required by the biennial budget bill (1995 Wisconsin Act 27) I am providing you the Department of Health and Social Services plan for generating GPR savings of \$1,406,200 in fiscal year 1996-97.

The Department plans to implement GPR cuts equal to \$1,453,576 in fiscal year 1996-97. These cuts exceed somewhat the \$1,406,200 required level of cuts by \$47,376. The Department's plan includes GPR position cuts of 9.51 FTE.

The Department's plan for achieving the required savings is detailed in Charts 1 and 2. The chart shows the allocation of the savings among the department's appropriations. The savings plan for the Division of Economic Support (DES) is detailed in a separate report submitted to the JFC by the Department of Industry, Labor, and Human Resources (DILHR) due to the fact that DILHR is responsible for DES programs effective fiscal year 96-97.

The Department developed this GPR savings plan in conjunction with the reorganization plan the Department was required to develop. For this reason, the GPR savings plan is consistent with the objectives and design of the Department's reorganization. The Department's reorganization plan was submitted to the Governor, as required in the biennial budget, on March 29, 1996. A copy of the DHSS reorganization plan was also provided to both of you at that time.

The Honorable Tim Weeden
The Honorable Ben Brancel
Page 2
May 23, 1996

The biennial budget bill (1995 Wisconsin Act 27) also required the Department to cut 21.93 FTE and \$793,300 in long-term vacancies. Chart 3 provides the Department's plan to meet the long-term vacancy cut requirements. For technical reasons, a number of substitutions were made to the vacancy cuts assumed in the biennial budget. (For example, some of the long-term vacancy cuts specified in the biennial budget were already being cut in other budget provisions. Therefore, a different long-term vacancy position is being cut to substitute for the position originally identified.) We are requesting the appropriation and position changes detailed in Chart 3 as technical corrections to conform the Department's appropriations and position authority to the actual vacancy cuts being taken. There is no net fiscal effect from these changes.

Deputy Secretary Dick Lorang will represent the Department at the s.13.10 meeting on this issue.

Sincerely,



Joe Leean
Secretary

Chart 1

DHSS PLAN FOR REQUIRED GPR SAVINGS IN FISCAL YEAR 1996-97

Division	Appropriation	Salary	Fringe	Non-Salary	Total	Source of Savings
Health (DOH)	101: General Operations	\$71,500	\$25,500	\$54,800	151,800	Deletion of 2.51 GPR positions: \$97,000 Cutback in supplies and services expenditures: \$54,800
	112: Medical Assistance (MA) Contract Administration			428,200	428,200	Savings will be achieved through management of MA program in ways that reduce volume of claims processed (compared to budgeted level) and keep claims volume below level that would require a claims volume settlement with the MA fiscal agent.
Economic Support (DES)					322,200	See report submitted by DILHR for explanation of source of savings
Community Services (DCS)	601: General Operations	161,089	10,400	91,936	263,400	Deletion of 1.5 FTE: \$57,800 Additional salary savings from SSBG position cuts (Biennial budget required cuts of 4.0 FTE and \$146,700 in FY96 and 9.0 FTE and \$319,300 in FY97 in SSBG cuts. Actual positions cut involved salary expenditures of \$113,689 above the required cut): \$113,689 Cutback in supplies and services expenditures: \$91,936
Management Services (DMS)	801: General Operations	177,431	63,396		240,827	Deletion of 4.50 FTE: \$240,827
Policy and Budget Office (OPB)	801: General Operations	34,738	12,411		47,149	Deletion of 1.0 FTE: \$47,149
TOTAL					1,453,576	

Chart 2

GPR POSITION CUTS			
Division	Bureau	FTE	Position Title
DCS	Bureau of Aging	1.0	Social Services Specialist 1
DCS	Bureau of Children, Youth, and Families	0.5	Social Services Specialist 2
DMS	Bureau of Administration	1.0	Administrative Assistant 3
DMS	Bureau of Fiscal Services	1.0	Program Assistant 2
DMS	Bureau of Administration	0.5	Purchasing Agent
DMS	Bureau of Financial Services	1.0	Administrative Assistant 5
DMS	Bureau of Administration	1.0	Administrative Officer 5-Director
OPB		1.0	Librarian
DOH	Administrator's Office	0.25	Program Assistant 4
DOH	Bureau of Public Health	0.10	Program and Policy Analyst 5
DOH	Bureau of Health Care Financing	1.0	Auditor--Senior
DOH	Bureau of Health Care Financing	0.50	Program and Planning Analyst 4
DOH	Bureau of Health Care Financing	0.33	Program Assistant 1
DOH	Center for Health Statistics	0.33	Program Assistant 1
TOTAL		9.51	

Chart 3

Changes Required to Long Term Vacancies

Alpha	AB 150		Proposed		Difference	
	Dollars	FTE	Dollars	FTE	Dollars	FTE
1(a)	(87,900)	-2.25	(51,900)	-1.25	36,000	1.00
1(gm)	(161,600)	-4.50	(129,800)	-3.50	31,800	1.00
1(i)	(42,600)	-1.00	(37,400)	-1.00	5,200	0.00
1(m)	0	0.00	(27,300)	-1.00	(27,300)	-1.00
1(mc)	(20,200)	-0.50	0	0.00	20,200	0.50
2(a)	(82,600)	-2.00	(91,300)	-2.00	(8,700)	0.00
2(gk)	(223,000)	-7.05	(283,400)	-8.18	(60,400)	-1.13
3(hm)	(87,500)	-2.00	(66,900)	-2.00	20,600	0.00
3(kx)	(31,900)	-1.00	(31,900)	-1.00	0	0.00
4(n)	(18,700)	-0.50	(18,700)	-0.50	0	0.00
6(a)	0	0.00	(27,300)	-1.00	(27,300)	-1.00
6(m)	(34,500)	-1.00	(27,400)	-0.50	7,100	0.50
6(kx)	(2,800)	-0.13	0	0.00	2,800	0.13
GPR	(170,500)	-4.25	(170,500)	-4.25	0	0.00
PR	(549,400)	-15.68	(549,400)	-15.68	0	0.00
FED	(73,400)	-2.00	(73,400)	-2.00	0	0.00
TOTAL	(793,300)	-21.93	(793,300)	-21.93	0	0.00

Specific changes are:

GPR

1(a) add 1.00 FTE and \$36,000

2(a) delete an additional (\$8,700)

6(a) delete (1.00) FTE and (\$27,300)

PR

1(gm) add 1.00 FTE and \$31,800

1(i) add \$5,200

2(gk) delete (1.13) FTE and (\$60,400)

3(hm) add \$20,600

6(kx) add .13 FTE and \$2,800

FED

1(m) delete (1.00) FTE and (\$27,300)

1(mc) add .50 FTE and \$20,200

6(m) add .50 FTE and \$7,100



State of Wisconsin
Department of Health and Social Services

Tommy G. Thompson, Governor
Joe Lekan, Secretary

VI

May 31, 1996

The Honorable Tim Weeden
Senate Co-Chair, Joint Committee on Finance
Suite LL1, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

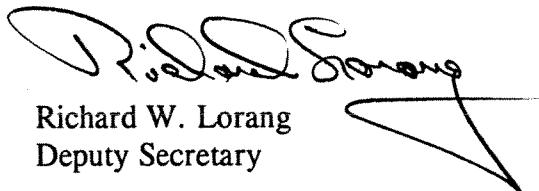
The Honorable Ben Brancel
Assembly Co-Chair, Joint Committee on Finance
Suite LL2, 119 Martin Luther King Jr. Boulevard
Madison, WI 53702

Dear Senator Weeden and Representative Brancel:

On May 23 the Department of Health and Social Services submitted its plan for generating GPR savings of \$1,406,200 in fiscal year 1996-97. Since submission of that report, DHSS staff discovered technical errors in the chart accompanying the plan. Specifically, incorrect salary and supplies and services figures were used in the calculations related to the Division of Community Services. Enclosed is a revised Chart 1 that corrects these technical errors. Please substitute the enclosed Chart 1 for the Chart 1 provided in the May 23 letter.

These revisions do not make any substantive changes in the Department's cut plan. The Department's total cut, position cuts, and cut levels by appropriation remain the same under the revised version as under the original May 23 version.

Sincerely,


Richard W. Lorang
Deputy Secretary

cc: Robert Lang, LFB
Tilli de Boor, DOA

Chart 1

DHSS PLAN FOR REQUIRED GPR SAVINGS IN FISCAL YEAR 1996-97

Division	Appropriation	Salary	Fringe	Non-Salary	Total	Source of Savings
Health (DOH)	101: General Operations	\$71,500	\$25,500	\$54,800	151,800	Deletion of 2.51 GPR positions: \$97,000 Cutback in supplies and services expenditures: \$54,800
	112: Medical Assistance (MA) Contract Administration			428,200	428,200	Savings will be achieved through management of MA program in ways that reduce volume of claims processed (compared to budgeted level) and keep claims volume below level that would require a claims volume settlement with the MA fiscal agent.
Economic Support (DES)					322,200	See report submitted by DILHR for explanation of source of savings
Community Services (DCS)	601: General Operations	130,436	46,604	86,360	263,400	Deletion of 1.5 FTE: \$79,652 Additional savings from SSBG position cuts (Biennial budget required cuts of 4.0 FTE and \$146,700 in FY96 and 9.0 FTE and \$319,300 in FY97 in SSBG cuts. Actual positions cut involved salary expenditures of \$97,388 above the required cut): \$97,388 Cutback in supplies and services expenditures: \$86,360
Management Services (DMS)	801: General Operations	177,431	63,396		240,827	Deletion of 4.50 FTE: \$240,827
Policy and Budget Office (OPB)	801: General Operations	34,738	12,411		47,149	Deletion of 1.0 FTE: \$47,149
TOTAL					1,453,576	

CORRESPONDENCE MEMORANDUM

STATE OF WISCONSIN
Department of Administration**Date:** June 11, 1996**To:** Members, Joint Committee on Finance**From:** James R. Klauser, Secretary
Department of Administration**Subject:** s. 13.10 Request from the Department of Health and Social Services (DHSS) for Changes to the Act 27 Long-term Vacancy Reductions and from DHSS and the Department of Workforce Development (DWD) for FY97 GPR Savings**Request**

The biennial budget bill (1995 WI Act 27) requires the Department of Health and Social Services (DHSS) to reduce its FY97 budget by \$1,406,200 GPR. Act 27 also required DHSS to cut 21.93 FTE and \$793,300 (all funds) in long-term vacancies. The following table summarizes the DHSS request and compares it to the Act 27 requirement.

Act 27 Provision	Act 27 Requirement	Request
FY97 GPR Reductions (for DHSS & DWD)	-\$1,406,200	-\$1,453,600
FY97 Long-term Vacancy FTE Reductions	-21.93 FTE (all funds)	-21.93 FTE (all funds)
FY97 Long-term Vacancy \$ Reductions	-\$793,300 (all funds)	-\$793,300 (all funds)

Background

Act 27 requires DHSS to reduce the FY97 budgets of four divisions by a total of \$1,406,200 GPR. The Governor's Act 27 veto message directed DHSS to submit its report on FY97 budget reductions to the Department of Administration and the Joint Committee on Finance in time for the FY96 fourth quarter meeting of the committee under s. 13.10. Before this particular veto, DHSS would have been required to submit its FY97 GPR reduction plan by September 1, 1995. Act 27 also required DHSS to present a reorganization proposal by April 1, 1996. This veto allowed DHSS additional time to prepare a FY97 GPR reduction plan and to coordinate the reductions with the reorganization.

At the October s. 13.10 meeting of the Joint Committee on Finance, DHSS presented an allocation plan for the unspecified FY96 GPR reductions required in Act 27. This DHSS plan included GPR savings from holding vacant 2.5 FTE GPR positions in the Division of Health and 3.25 FTE GPR positions in the Division of Management Services. At this s. 13.10 meeting, the Joint Committee directed DHSS to delete these 5.75 FTE GPR positions.

Act 27 also requires DHSS to eliminate 21.93 positions and \$793,300 (all funds) in FY96 and FY97. DHSS has generated the required FY96 savings by holding various positions vacant. However, to correct technical budgeting errors (for example, some of these 21.93 FTEs were already eliminated under other budget provisions), DHSS requests approval to substitute different positions for some of the positions on the original list. To comply with legislative intent, DHSS will need approval for these position substitutions. These substitutions will have no net fiscal or FTE effect: DHSS request is to eliminate a total of 21.93 FTE and \$793,000.

Analysis

Unspecified Budget Reduction

The following table shows the FY97 GPR cuts and the DHSS/DWD requested changes to those cuts.

Act 27 FY97 GPR Reductions	Act 27 Requirement	Request	Difference
Division of Health	-\$526,300	-\$580,000	-\$53,700
Division of Economic Support (DWD)	-222,700	-322,200	-99,500
Division of Community Services	-218,600	-263,400	-44,800
Division of Management Services	-438,600	-288,000	150,600
Total DHSS Reductions	-\$1,406,200	-\$1,453,600	-\$47,400

The Division of Health would cut \$151,800 from appropriation 101, general program operations, and \$428,200 from appropriation 112, Medical Assistance (MA) Contract Administration. The appropriation 101 reduction contains the salary, fringe benefits and supplies cost of eliminating 2.51 FTE positions. These positions could be eliminated because DHSS has redistributed duties among other positions or because the duties of positions have become redundant due to changes in the structure of programs (for example, the statewide expansion of HMO enrollment for AFDC recipients receiving MA benefits). This appropriation 101 reduction also includes \$20,000 in general supplies cuts. The appropriation 112 reduction reflects a continuing decrease in the number of MA claims processed. DHSS anticipates that there will be no FY97 cost settlement expense and that the number of claims processed by the MA fiscal agent will be less than projected in the 1995-97 budget. (The cost settlement expense is an amount paid to the MA fiscal agent if claims volume equals or exceeds 110% of a projection based on the prior year claims volume.)

Because the Division of Economic Support (DES) is transferring to the Department of Workforce Development as of July 1, 1996, DWD submitted a separate report showing that DES will generate \$322,200 in GPR savings for FY97. The report outlines that the savings will come from two sources within the general program operations appropriation under s. 20.445 (3)(a). First, \$60,350 of GPR savings will be generated in FY97 as a result of new federal policy that allows the state to claim federal reimbursement for interest paid or incurred on equipment that is otherwise allowable for reimbursement, e.g., computer equipment. The interest costs had been covered with 100% GPR. Second, DES has identified \$261,850 in GPR savings as a result of switching from a monthly maintenance contract to repairing and replacing computer equipment as needed. Actually, only \$210,000 GPR is available as a result of terminating the maintenance contract. DES had been paying \$42,000 (all funds) per month for the maintenance contract. They are now incurring repair and replacement expenses of approximately \$7,000 per month, leaving \$35,000 per month in savings or \$420,000 (all funds) annually. In addition, the DHSS Bureau of Information Systems has billed DES approximately \$112,400 (all funds) annually over a three-year period for the purchase of CARES-

related development software. DES, however, was able to pre-pay the FY97 billing in FY96 and therefore will be able to free up an additional \$51,850 GPR annually.

The Division of Community Services will reduce appropriation 601, general program operations, by \$263,400. Of this amount, \$86,400 is from general supplies and services reductions, \$79,600 is the salary and fringe benefit cost of eliminating 1.5 FTEs; and \$97,400 is the amount of GPR that will be reduced by additional Social Services Block Grant (SSBG) position reduction savings. DHSS eliminated these 1.5 FTEs in FY96 and now carries the reduction forward into FY97. Act 27 required DHSS to eliminate 5.0 FTE funded by the SSBG. Salary and fringe benefit costs for the cut positions were \$97,400 higher than required in Act 27.

The Division of Management Services will reduce appropriation 801, general program operations, by \$240,800. This reduction is the salary, fringe benefits and supplies cost of eliminating 4.5 FTE positions. The improved efficiency of some program operations, department reorganization and reallocation of duties to other staff allowed the department to eliminate these 4.5 FTEs. An additional 1.0 FTE (a Librarian classification) eliminated in the Office of Policy and Budget adds a \$47,100 reduction to make a total appropriation 801 reduction of \$288,000.

Long-term Vacancies

The DHSS requests approval for several substitutions to the list of long-term vacancies eliminated in Act 27. The following table shows that, by source of funds, these substitutions have no net FTE or fiscal effect compared to Act 27 changes.

Source of Funds	Appropriation	Act 27		DHSS Proposed		Difference	
		Dollars	FTE	Dollars	FTE	Dollars	FTE
FED	1(m)	0	0.00	27,273	1.00	-27,273	-1.00
	1(mc)	20,219	0.50	0	0.00	20,219	0.50
	4(n)	18,684	0.50	18,684	0.50	0	0.00
	6(m)	34,478	1.00	27,424	0.50	7,054	0.50
FED TOTAL		73,381	2.00	73,381	2.00	0	0.00
GPR	1(a)	87,917	2.25	51,848	1.25	36,069	1.00
	2(a)	82,550	2.00	91,346	2.00	-8,796	0.00
	6(a)	0	0.00	27,273	1.00	-27,273	-1.00
GPR TOTAL		170,467	4.25	170,467	4.25	0	0.00
PR	1(gm)	161,603	4.50	129,684	3.50	31,919	1.00
	1(i)	42,568	1.00	37,369	1.00	5,199	0.00
	2(gk)	222,945	7.05	283,538	8.18	-60,593	-1.13
	3(hm)	87,516	2.00	66,855	2.00	20,661	0.00
	3(kx)	31,919	1.00	31,919	1.00	0	0.00
	6(kx)	2,814	0.13	0	0.00	2,814	0.13

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PR TOTAL	549,365	15.68	549,365	15.68	0	0.00
GRAND TOTAL	793,213	21.93	793,213	21.93	0	0.00

Recommendation

Approve the DHSS FY97 allocation of unspecified budget reductions. Approve the substitutions proposed for the long-term vacancy reductions.

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